

ANNUAL REPORT

OF

DULUTH, SOUTH SHORE AND
ATLANTIC RAILROAD COMPANY

For the Year ended

December 31, 1951

BOARDS

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ANNUAL REPORT

OF

DULUTH, SOUTH SHORE AND
ATLANTIC RAILROAD COMPANY

For the Year ended

December 31, 1951

DULUTH, SOUTH SHORE AND ATLANTIC RAILROAD COMPANY

DIRECTORS

R. S. Archibald
A. D. Chisholm *
N. R. Crump
J. A. Dundas
Endicott R. Lovell
Henry S. Mitchell
Harry B. Stoker
Peter N. Todhunter
One Vacancy

Negaunee, Michigan
Duluth, Minnesota
Montreal, Quebec
Montreal, Quebec
Calumet, Michigan
Minneapolis, Minnesota
Minneapolis, Minnesota
Chicago, Illinois

OFFICERS

Henry S. Mitchell, President
Leonard H. Murray, Vice Pres. and Secretary
C. H. Bender, Treasurer and Asst. Sec'y
William Leicester, Asst. Treasurer
A. C. Stenberg, General Traffic Manager
R. J. Barry, General Superintendent
J. B. Donnelly, Comptroller
S. P. Berg, Chief Engineer
E. H. Buhlman, Personnel Manager
A. G. Greenseth, General Mechanical Superintendent
T. J. Ruth, Purchasing Agent
R. S. Claar, Industrial and Real Estate
Commissioner
H. A. Thomson, Tax Commissioner
F. M. Seiberlich, Freight Claim Agent

Minneapolis, Minn.
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Marquette, Mich.
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Minneapolis, Minn.
Marquette, Mich.
Minneapolis, Minn.
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Bond Registrar and Paying Agent:

The Hanover Bank
70 Broadway
New York 15, N. Y.

Transfer Agent, Common Stock:

Leonard H. Murray, Room 1125 First National-Soo Line Bldg.,
Minneapolis 2, Minnesota

Annual Meeting, Third Tuesday in April; at Minneapolis,
Minnesota, unless otherwise designated.

* Elected a Director in 1952.

DULUTH, SOUTH SHORE AND ATLANTIC RAILROAD COMPANY

Railway operating revenues increased \$897,738 to \$7,991,111, or 12.7% in excess of the previous year. Freight revenues increased \$939,083, or 14.4%, due mainly to an increase in revenues from all-rail ore handled from Superior to St. Ignace of about 200% and to increased revenues from products of forests. Tons carried one mile increased 209,080,505, or 44.6%. Mail revenues decreased \$31,127 due to the inclusion in 1950 accounts of mail pay increase retroactive to February 1947.

Railway operating expenses increased \$1,087,518, or 19.7% above the 1950 total. This was due to increased wages paid or accrued involving both operating and non-operating employees, derailment at L'Anse on December 14, increased cost of repairs to locomotives, increased depreciation charges due to acquisition of additional equipment, and to increased train miles resulting in increased wages paid trainmen and enginemen and cost of fuel. Equipment rents - net increased \$109,655, and other income (less miscellaneous deductions) \$16,930.

After allowing for fixed charges and for the interest and sinking fund requirements of the First Mortgage, there remained a net income for the year of \$381,940, as compared with \$688,142 in 1950, a decrease of 44.5%.

Improvements to property were made during the year at a gross cost of \$1,493,323, including betterments to track, relocation and construction of tracks in vicinity of Negaunee, Michigan, to serve the Jones and Laughlin Mining Company, construction of tracks serving the Ohio mine at Beaufort Junction, Michigan, construction of addition to Diesel shop at Marquette, Mich., and purchase of six additional Diesel-electric Road-switch locomotives. During 1951, relay of new 90# rail in the main line was increased to 11.3 miles because of inadequate relays made in prior years. The Company also began in 1951 a program, which is being continued in 1952, to overcome deferred maintenance and repair of cars.

On behalf of the Board of Directors.

H. S. Mitchell
President.

Minneapolis, Minnesota,
March 26, 1952

COMPARATIVE GENERAL BALANCE SHEET

A S S E T S I D E

	Dec. 31, 1951	Dec. 31, 1950	Increase or (Decrease)
INVESTMENTS:			
Road and Equipment Property:			
Road	\$ 17 340 318	\$16 550 116	\$ 790 202
Equipment	6 360 492	5 562 161	798 331
Total	23 700 810	22 112 277	1 588 533
Less:			
Acquisition adjustment	3 077 721	2 722 459	355 262
Donations and grants	9 365	8 724	641
Accrued depreciation - road	2 004 605	1 910 320	94 285
Accrued depreciation - equipment	2 060 931	1 976 925	84 006
Total	7 152 622	6 618 428	534 194
Net	16 548 188	15 493 849	1 054 339
Sinking Fund - First Mortgage	203	167	36
Miscellaneous physical property	29 574	29 575	(1)
Investments in affiliated companies:			
Stocks - pledged under First Mortgage..	148 567	148 567	-
Advances	351 889	342 709	9 180
Other investments:			
U.S. Government securities (long term)..	119 745	116 235	3 510
Total investments	17 198 166	16 131 102	1 067 064
CURRENT ASSETS:			
Cash	786 829	1 411 075	(624 246)
U.S. Government securities (short term)..	850 000	649 662	200 338
Special deposits:			
For interest obligations	4 332	6 066	(1 734)
For distribution to holders of bonds of predecessor companies	5 269	9 785	(4 516)
Employees' Income tax and Savings Bonds	11 403	44 170	(32 767)
Traffic and car service balances	85 340	8 803	76 537
Agents' and conductors' balances	88 826	81 146	7 680
Miscellaneous accounts receivable	498 254	375 540	122 714
Material and supplies	1 190 542	911 936	278 606
Interest and dividends receivable	6 299	4 817	1 482
Accrued accounts receivable	122 687	137 813	(15 126)
Other current assets	3 698	3 023	675
Total	3 653 472	3 643 836	9 643
DEFERRED ASSETS:			
Working fund advances	1 467	1 514	(47)
Insurance and other funds	5 500	5 500	-
Other deferred assets	55 761	40 642	15 119
Total	62 728	47 656	15 072
UNADJUSTED DEBITS:			
Prepayments	22 213	14 404	7 809
Other unadjusted debits	48 889	1 057 413	(1 008 524)
Total	71 102	1 071 817	(1 000 715)
GRAND TOTAL	\$ 20 985 475	\$20 894 411	\$ 91 064

COMPARATIVE GENERAL BALANCE SHEET

LIABILITY SIDE

	<u>Dec.31,1951</u>	<u>Dec.31,1950</u>	<u>Increase or (Decrease)</u>
CAPITAL STOCK:			
210,000 common shares of no par value stated at \$50.00 per share	<u>\$10 500 000</u>	<u>\$10 500 000</u>	<u>\$ -</u>
LONG-TERM DEBT:			
First Mortgage 4% income bonds due January 1, 1995	4 782 700	4 827 300	(44 600)
Issued\$5,000,000			
Retired through			
Sinking Fund 212,300			
Held in Treasury 5,000			
Equipment obligations	<u>2 184 016</u>	<u>2 743 061</u>	<u>(559 045)</u>
Total	<u>6 966 716</u>	<u>7 570 361</u>	<u>(603 645)</u>
CURRENT LIABILITIES:			
Audited accounts & wages payable	508 918	423 511	85 407
Miscellaneous accounts payable	90 144	122 904	(32 760)
Interest matured unpaid	8 697	9 172	(475)
Unmatured interest accrued	191 308	193 092	(1 784)
Accrued accounts payable	250 394	181 832	68 562
Taxes accrued	109 019	140 705	(31 686)
Other current liabilities	<u>42 549</u>	<u>52 811</u>	<u>(10 262)</u>
Total	<u>1 201 029</u>	<u>1 124 027</u>	<u>77 002</u>
DEFERRED LIABILITIES	<u>320 092</u>	<u>180 322</u>	<u>139 770</u>
UNADJUSTED CREDITS	<u>304 137</u>	<u>250 856</u>	<u>53 281</u>
SURPLUS:			
Earned surplus - appropriated	125 000	100 000	25 000
Earned surplus - unappropriated	<u>1 568 501</u>	<u>1 168 845</u>	<u>399 656</u>
Total	<u>1 693 501</u>	<u>1 268 845</u>	<u>424 656</u>
GRAND TOTAL	<u>\$20 985 475</u>	<u>\$20 894 411</u>	<u>\$ 91 064</u>

INCOME ACCOUNT

	YEAR 1 9 5 1	YEAR 1 9 5 0	Increase or (Decrease)
Railway Operating Revenues:			
Freight revenue	\$ 7 480 245	\$6 541 162	\$ 939 083
Passenger revenue	89 815	91 477	(1 662)
All other revenue	421 051	460 734	(39 683)
Total Railway Operating Revenues	7 991 111	7 093 373	897 738
Railway Operating Expenses:			
Maintenance of way & structures	1 412 833	1 308 203	104 630
Maintenance of equipment	1 551 595	1 172 172	379 423
Traffic	256 792	232 282	24 510
Transportation	3 183 172	2 627 469	555 703
General	216 635	193 383	23 252
Total Railway Operating Expenses	6 621 027	5 533 509	1 087 518
Net Revenue from Railway Operations..	1 370 084	1 559 864	(189 780)
Railway Tax Accruals	336 786	311 379	25 407
Railway Operating Income	1 033 298	1 248 485	(215 187)
Rent Income:			
Rent from locomotives	21 719	21 117	602
Rent from passenger-train cars	959	745	214
Rent from work equipment	2 257	1 132	1 125
Joint facility rent income	14 390	18 421	(4 031)
Total Rent Income	39 325	41 415	(2 090)
Rents Payable:			
Hire of freight cars - debit balance...	404 156	303 304	100 852
Rent for locomotives	8 892	422	8 470
Rent for passenger-train cars	4 068	4 574	(506)
Rent for work equipment	4 255	1 475	2 780
Joint facility rents	59 182	57 851	1 331
Total Rents Payable	480 553	367 626	112 927
Net Rents Payable	441 228	326 211	115 017
Net Railway Operating Income	592 070	922 274	(330 204)
Other Income:			
Miscellaneous rent income	13 513	12 399	1 114
Miscellaneous non-oper. physical property	1 653	1 928	(275)
Separately operated properties-Profit..	29 326	22 000	7 326
Interest Income	20 216	11 233	8 983
Miscellaneous income	2	15	(13)
Total Other Income	64 710	47 575	17 135
TOTAL INCOME	\$ 656 780	\$ 969 849	\$ (313 069)

INCOME ACCOUNT - Continued

	YEAR 1951	YEAR 1950	Increase or (Decrease)
Miscellaneous Deductions from Income:			
Miscellaneous rents	\$ 34	\$ 35	\$ (1)
Miscellaneous tax accruals	153	96	57
Miscellaneous income charges	1 835	1 686	149
Total Miscellaneous Deductions	<u>2 022</u>	<u>1 817</u>	<u>205</u>
Income before Fixed Charges	654 758	968 032	(313 274)
Fixed Charges			
Interest on equipment obligations and miscellaneous interest	56 934	41 938	14 996
Amortization of discount on funded debt	-	19 860	(19 860)
Total Fixed Charges	<u>56 934</u>	<u>61 798</u>	<u>(4 864)</u>
Income before Contingent Charges...	597 824	906 234	(308 410)
Contingent Charges:			
Interest on First Mortgage Bonds	190 884	193 092	(2 208)
Sinking fund - First Mortgage	<u>25 000</u>	<u>25 000</u>	<u>-</u>
Net Income	\$ 381 940	\$ 688 142	\$ (306 202)

EARNED SURPLUS ACCOUNT

Earned Surplus-Appropriated:

Appropriated for Sinking Fund:

Amount at December 31, 1950	\$100 000
Accrual for Year 1951	<u>25 000</u>
Amount at December 31, 1951	\$ 125 000

Earned Surplus-Unappropriated:

Amount at December 31, 1950 \$1 168 845

Profit & Loss Account- Year 1951

Net income	\$381 940
Credit from bonds retired..	15 936
Miscellaneous credits	1 970
Deduct miscellaneous debits	<u>(190)</u>
Net addition to Surplus for 1951	<u>399 656</u>
Amount at December 31, 1951	\$ 1 568 501

~~The~~ Duluth South Shore and Atlantic
RAILROAD ~~Railway~~ Company

~~General Office and Ticket Office~~

COMPTROLLER'S OFFICE

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